



SCIENCE + SOFTWARE = SUCCESS

Q4 and Fiscal Year 2020 Investor Conference Call

Shawn O'Connor, CEO

John Kneisel, CFO

November 16, 2020

(NASDAQ:SLP)

Safe Harbor Statement

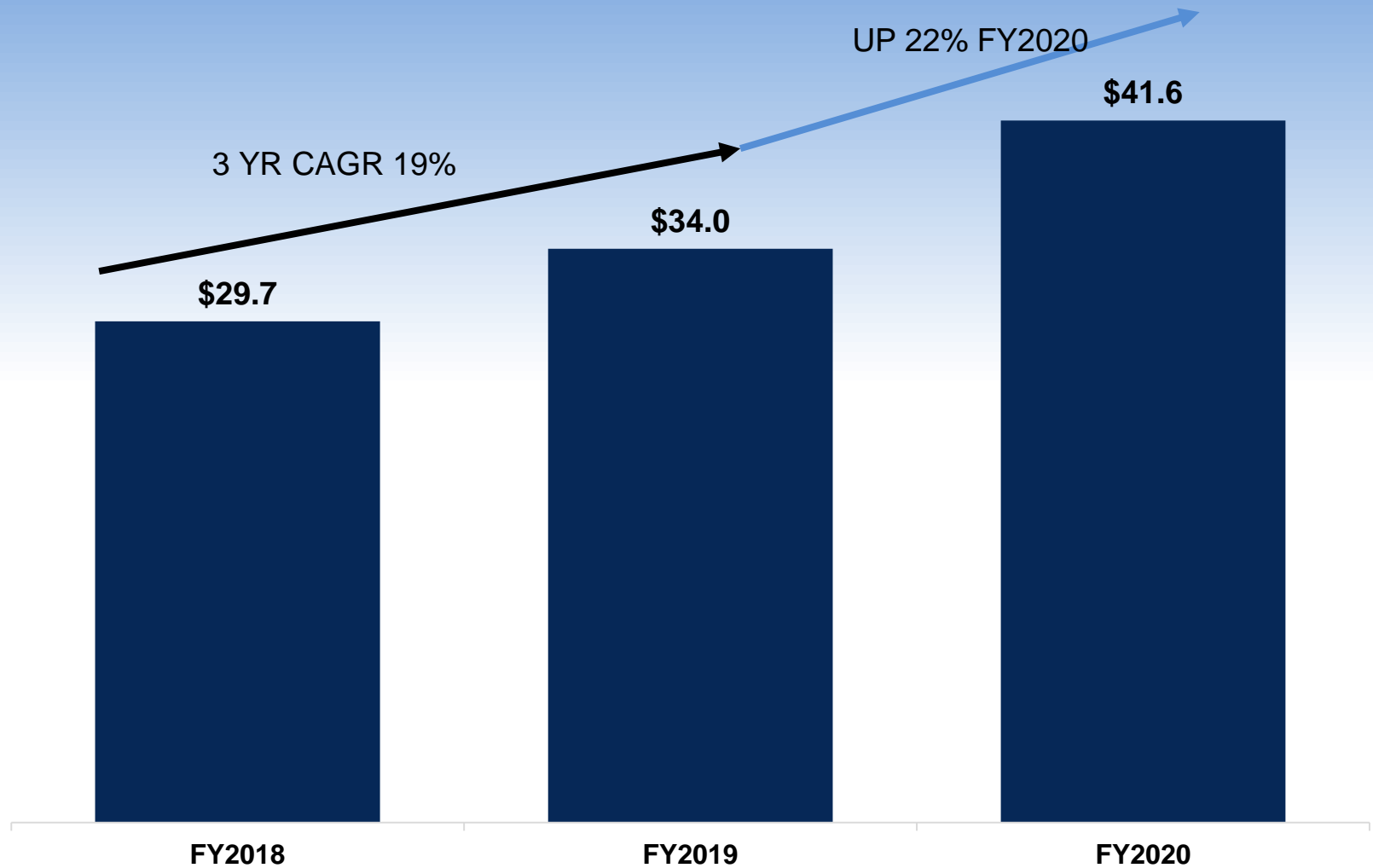
With the exception of historical information, the matters discussed in this presentation are forward-looking statements that involve a number of risks and uncertainties. The actual results of the Company could differ significantly from those statements. Factors that could cause or contribute to such differences include, but are not limited to: continuing demand for the Company's products, competitive factors, the Company's ability to finance future growth, the Company's ability to produce and market new products in a timely fashion, the Company's ability to continue to attract and retain skilled personnel, and the Company's ability to sustain or improve current levels of productivity. Further information on the Company's risk factors is contained in the Company's quarterly and annual reports and filed with the Securities and Exchange Commission.

FY2020 Highlights

- Achieved step up in revenue growth to target of 15-20% growth despite COVID-19 disruption
- Completed Lixoft acquisition in Q3
- Completed capital raise in Q4
- Improved portfolio of software offerings through internal development, collaborations with clients and regulatory agencies, and acquisition
- Broadened service offerings and expanded capacity of consulting team
- Continued to further science and support clients in their growing use of modeling and simulation to improve their drug development process

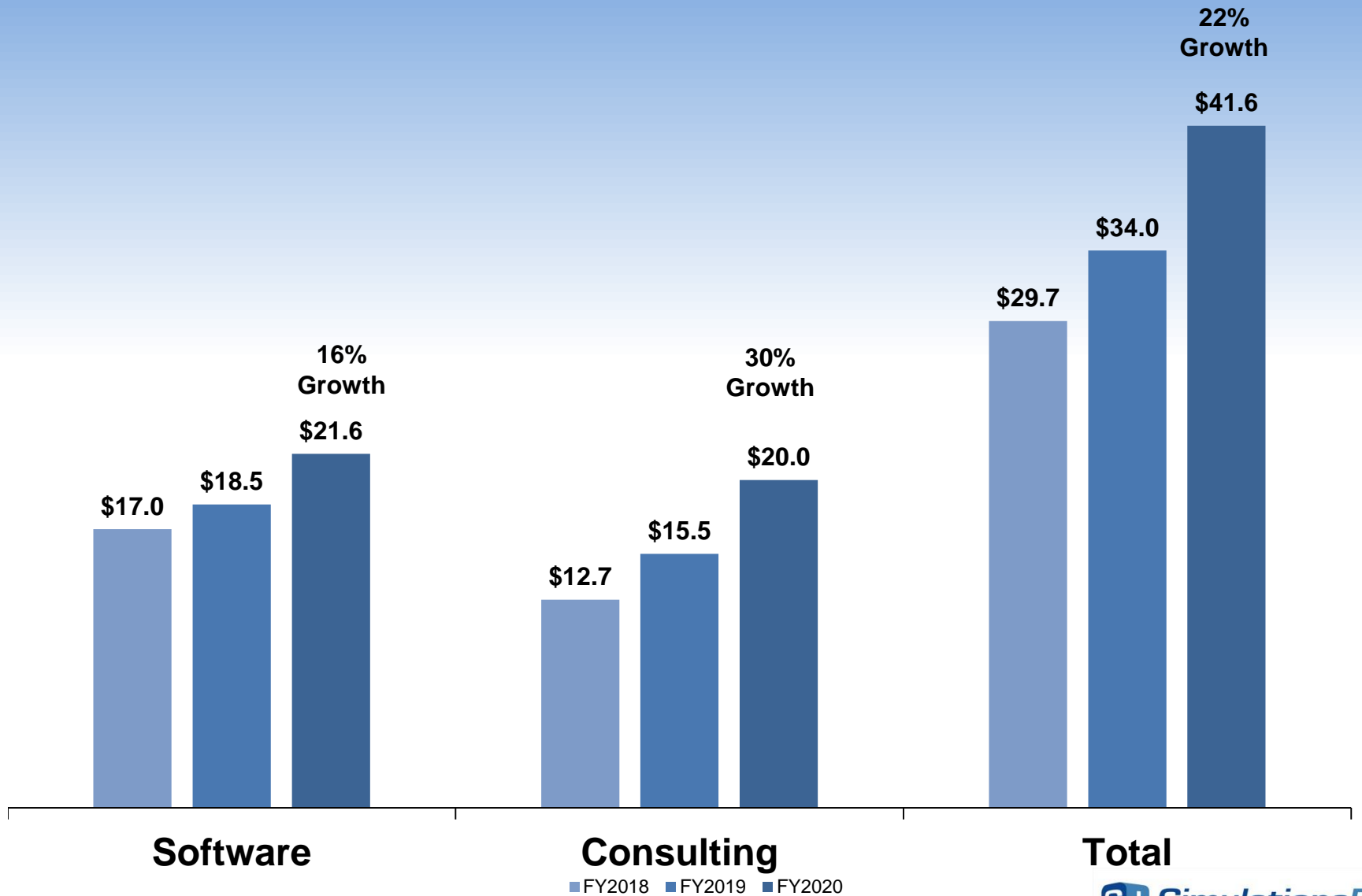
Strong Revenue Performance

(in millions)



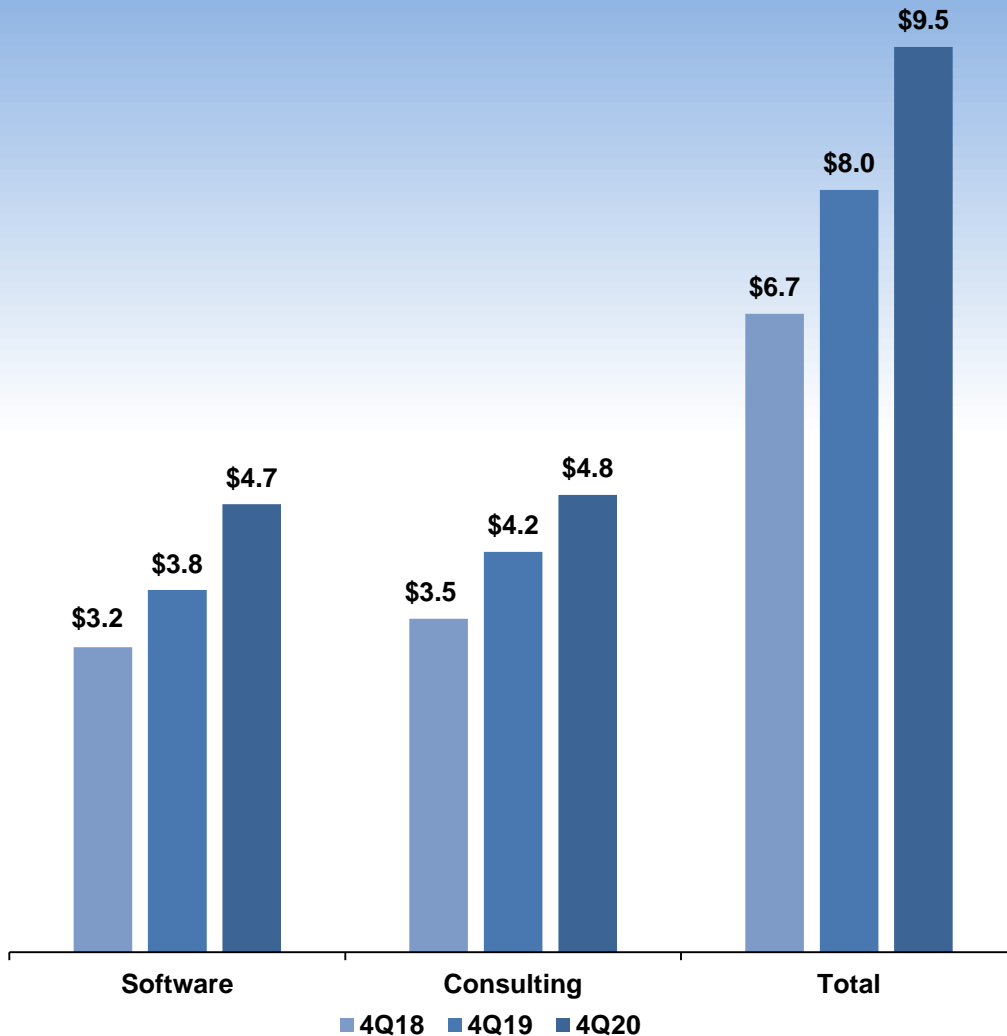
Revenue by Source

(in millions)



FY20Q4 Revenue

(in millions)



Overall - 19% growth (7% organic)

Software – 24% growth (Flat organic)

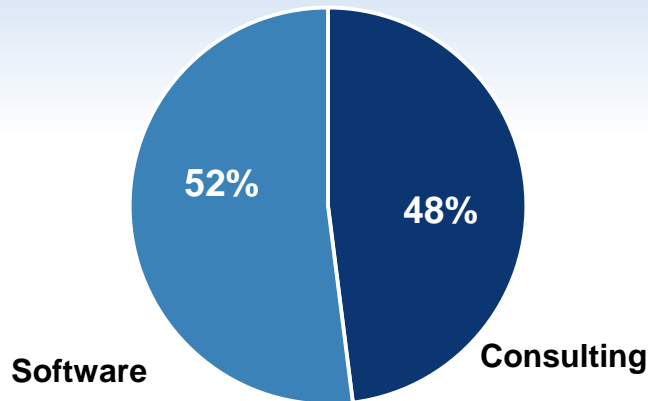
- Renewal rate impacted by several site consolidations
- YOY growth rate comparison impacted by FY19 renewals pushed from Q3 to Q4
 - FY19 sequential Q3:Q4 growth: 4%:17%
 - FY20 sequential Q3:Q4 growth: 17%:Flat
- Continued COVID-19 impact on new licenses

Consulting – 14% growth

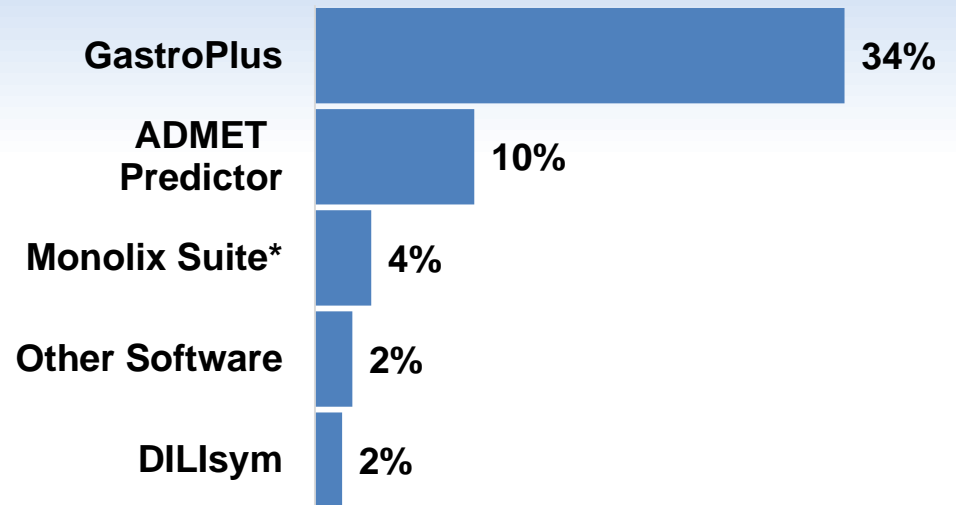
- YOY growth rate comparison impacted by accelerated growth in DILl sym revenues beginning in FY19Q4 which peaked with 89% growth in FY20Q1

Revenue Breakdown Software FY2020

Total Revenue



Software Products as % of Total Revenues



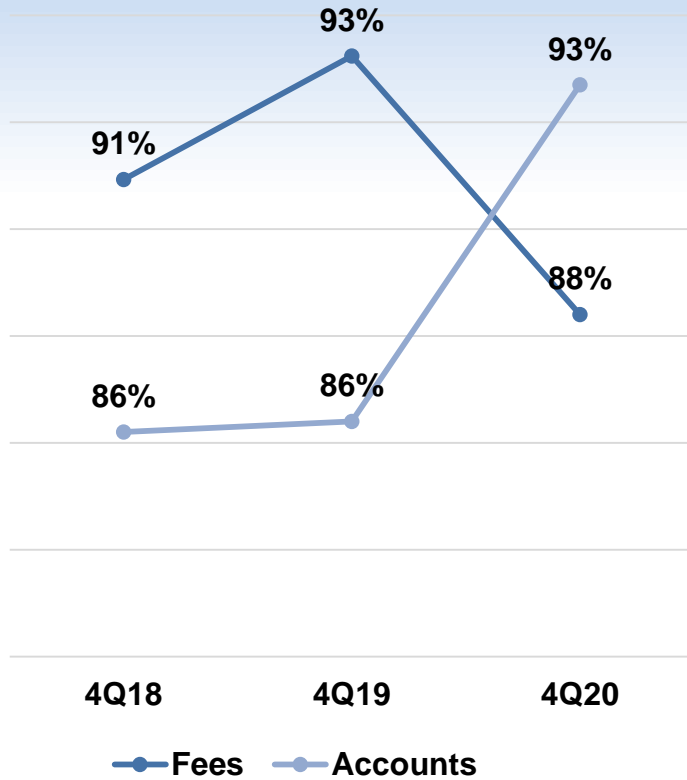
* Includes five months of revenue recorded post acquisition

Software Product Highlights

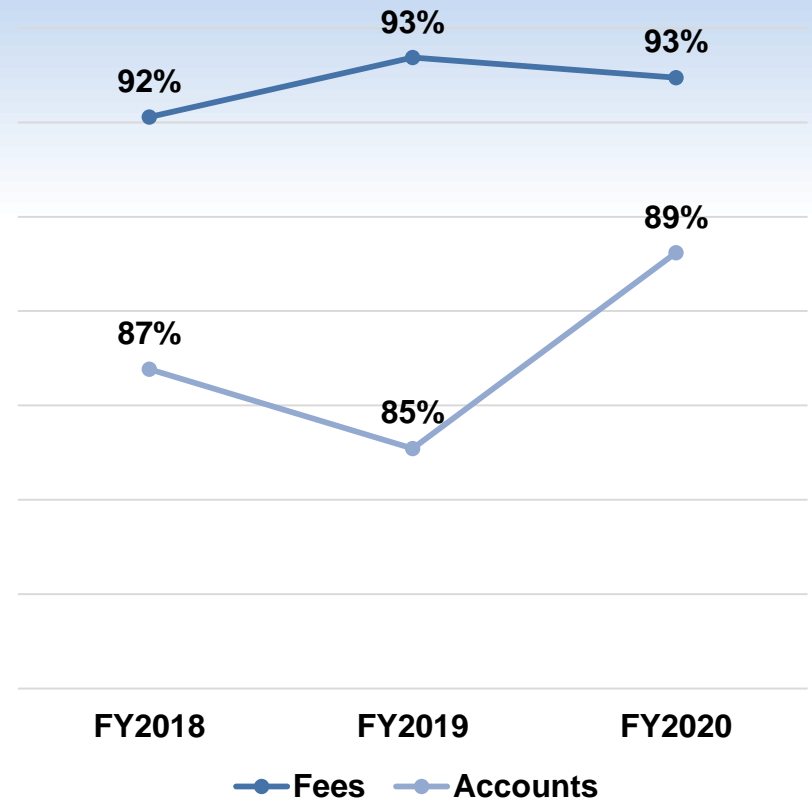
- GastroPlus®
 - PBPK modeling platform
 - Collaborations
 - GastroPlus 9.8 released in October
- ADMET Predictor®
 - ML modeling platform
 - APX™ released in September
 - AI-Driven Drug Design (AIDD™) Module
- Monolix Suite™
 - Pop PK/PD modeling platform
 - Monolix Suite 2020R1 released in November
 - Re-engineered simulations module

Software Renewal Rates

Q4 Trend

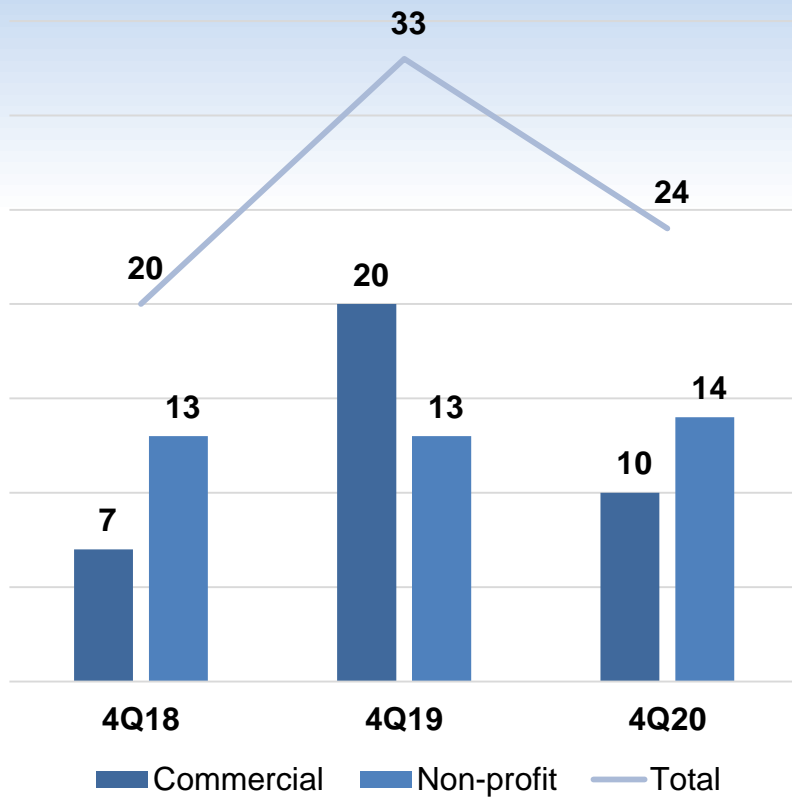


FY Trend

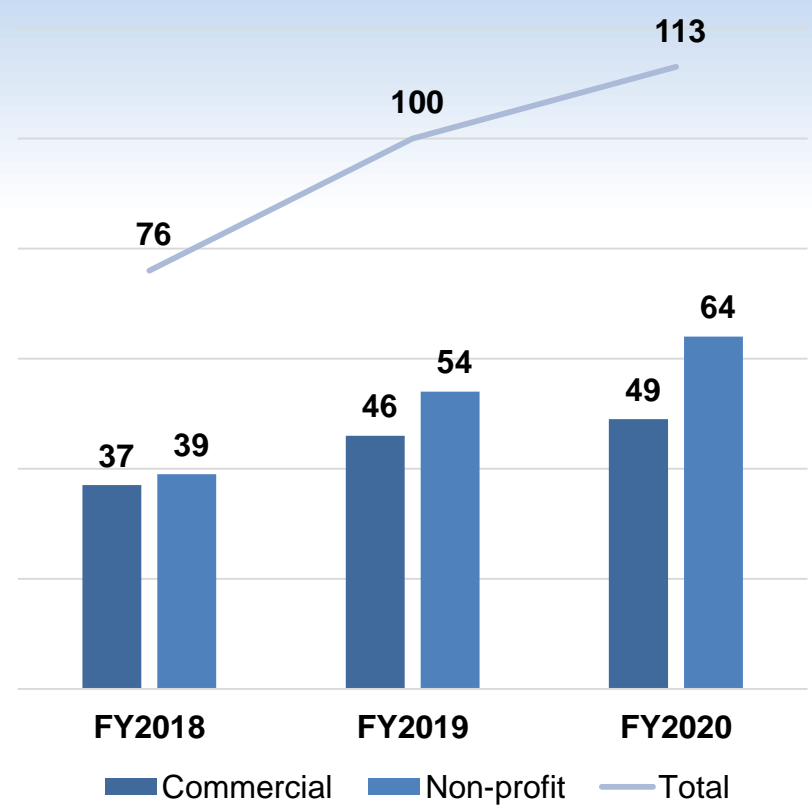


New Software Customers

Q4 Trend



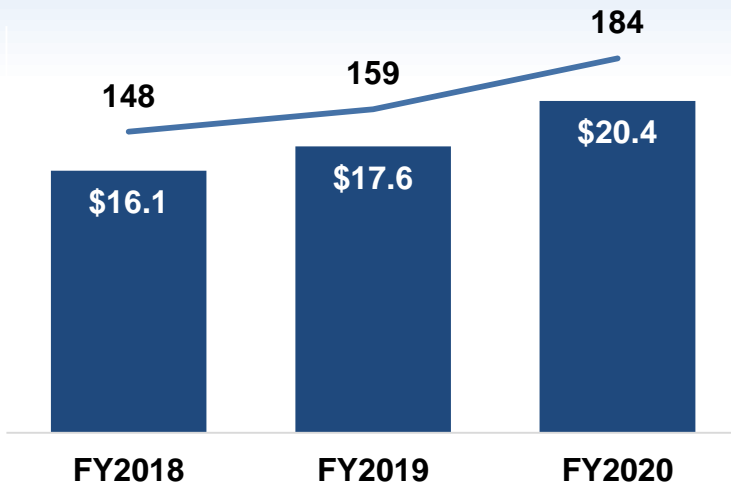
FY Trend



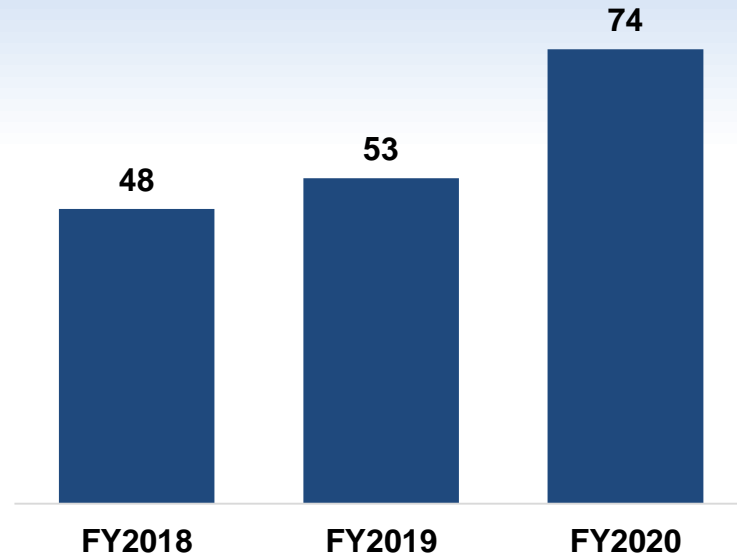
Commercial Software Companies

(\$'s in millions)

Software License Revenue



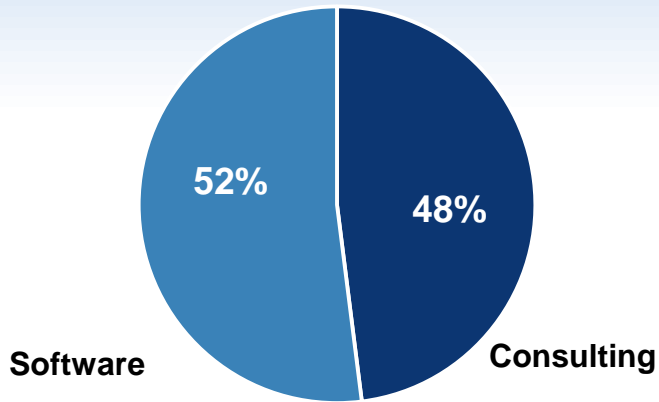
\$100K+ Companies



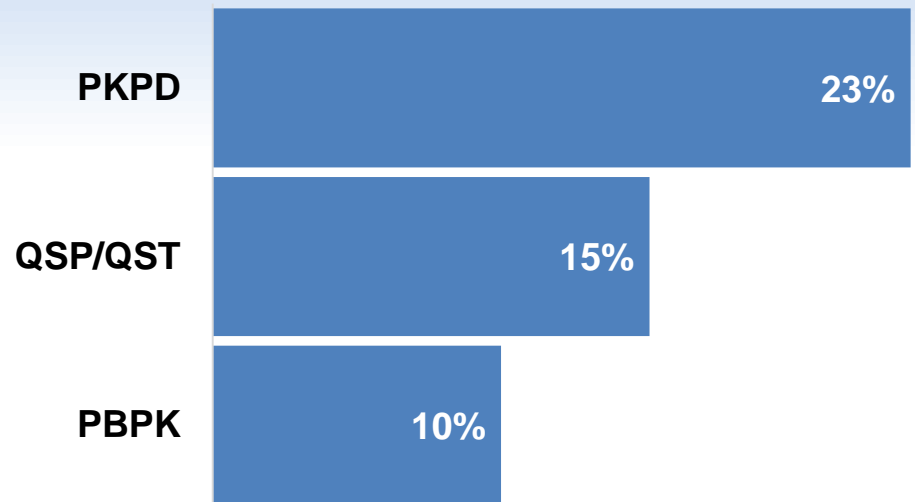
■ Revenue — Companies

FY20 Consulting Business

Total Revenue



Consulting Offerings as % of Total Revenues



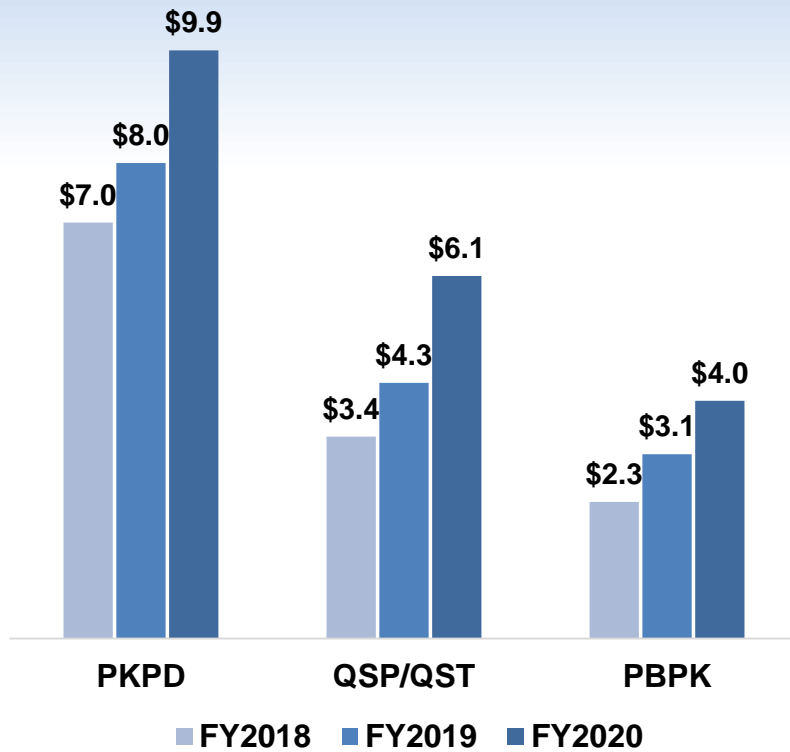
Consulting Business Highlights

- Recent Client Success
 - NDA for Pexidartinib
 - FDA approval of Ubrogepant
 - OEHHA review of Acetaminophen
- New Services
 - Regulatory Strategies
 - COVID Strategies
- Capacity
 - 22% increase in FY20

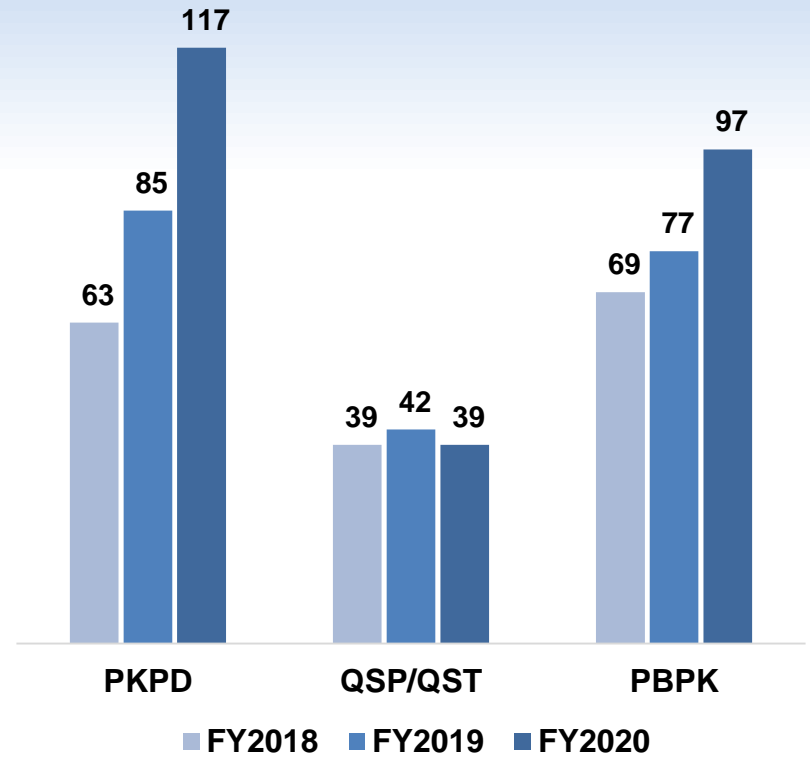
Consulting Revenue Sources

(\$'s in millions)

Consulting Revenue by Type

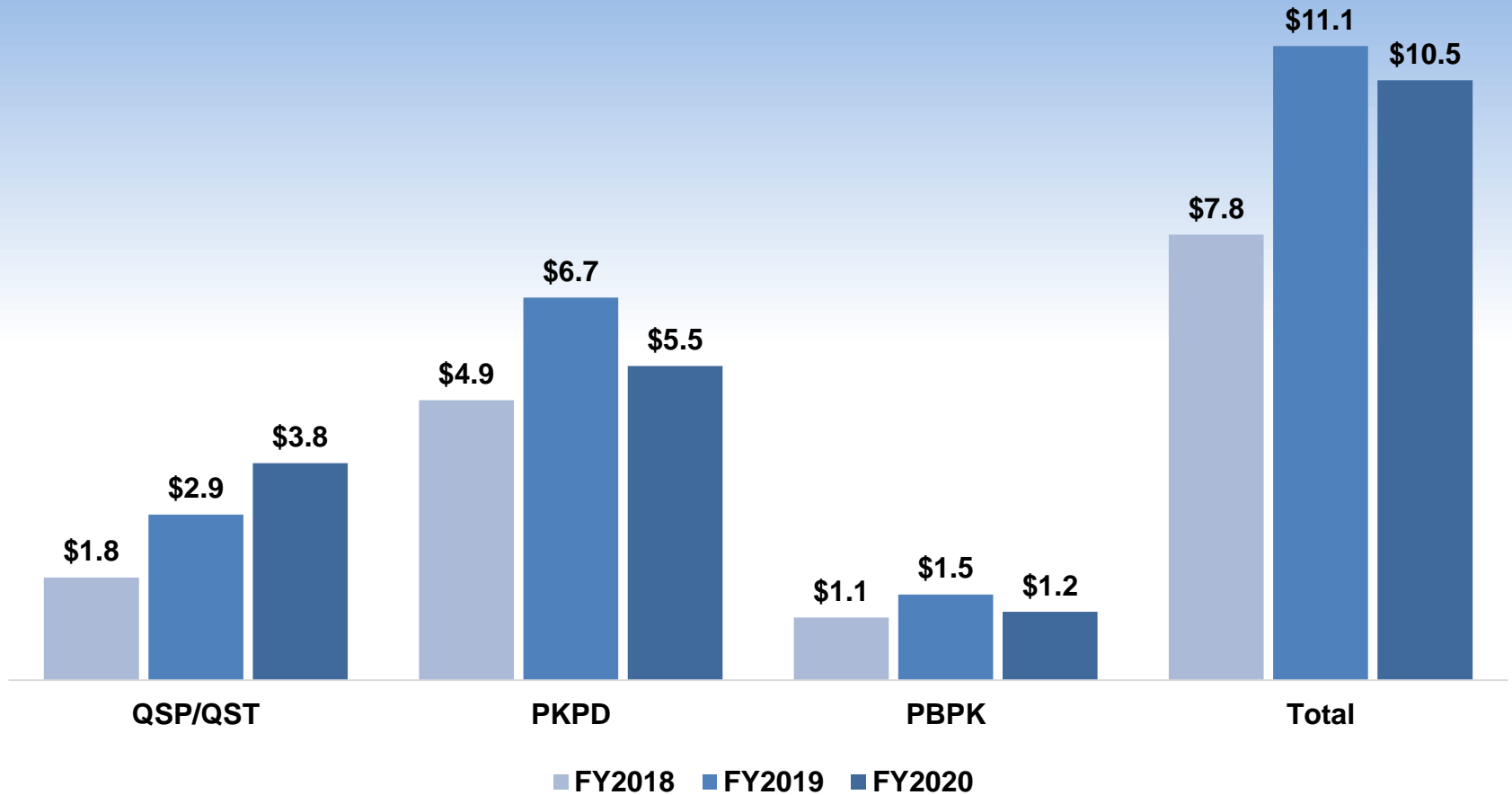


Projects



Backlog

(in millions)



FY 21 Outlook

- **Maintain organic growth outlook in 15-20% range**
 - Monolix Suite growth delivers an incremental 3-5% growth
 - Additional FY21 acquisitions would be incremental
- **Software growth FY20: 16% FY21: 20-25%**
 - GastroPlus – New 9.8 release with introduction in FY21 of GPX
 - ADMET Predictor – New release, accelerated growth momentum and AIDD module
 - Monolix Suite – Performing well and tracking to their 15/30% growth rates as anticipated in the earnout agreement
 - Price – Price increase and discount policy changes being rolled out
 - Cross-selling – Prior investments in S&M now being focused on strategic sales initiatives that will provide benefits
- **Consulting growth FY20: 30% FY21: 25%-30%**
 - Continued demand across our services with PKPD and PBPK services remaining consistent while DILI settles into a more consistent delivery of project flow
- **M&A Update**
 - Focused on a population of targets that we believe could add value to our growth strategy and enhance our value to our client base
 - software entities that extend our modeling and simulation application offering portfolio
 - service opportunities which provide new service capabilities and/or add to our service capacity or geographic coverage
 - We continue to adhere to strict acquisition criteria that include product and cultural fit, enhancement of value to our clients, and appropriate valuation accretive characteristics

Financial Results

Income Statement: 4QFY20 Vs 4QFY19

(in millions)

	4QFY20	% of Rev	4QFY19	% of Rev
Net sales	\$ 9.5	100%	\$ 8.0	100%
Revenue Growth	19%		20%	
Gross profit	6.9	72%	5.7	71%
SG&A	\$ 3.7	39%	\$ 3.2	40%
R&D	0.9	10%	0.6	8%
Total operating exp	4.7	49%	3.8	47%
Income from operations	2.2	23%	1.9	24%
Other income (expense)	(0.2)	(2)%	0.0	0%
Income before income taxes	2.0	21%	2.0	25%
Income taxes (Benefit)	(0.2)	(0)%	(0.1)	(0)%
Effective tax rate	(7)%		(4)%	
Net income	2.2	23%	2.1	26%
Diluted earnings per share (in dollars)	\$ 0.11		\$ 0.11	
EBITDA	\$ 2.9	30%	\$ 2.6	32%

Note:
Some numbers may not foot due to rounding.

Income Statement: 12moFY20 Vs 12MoFY19

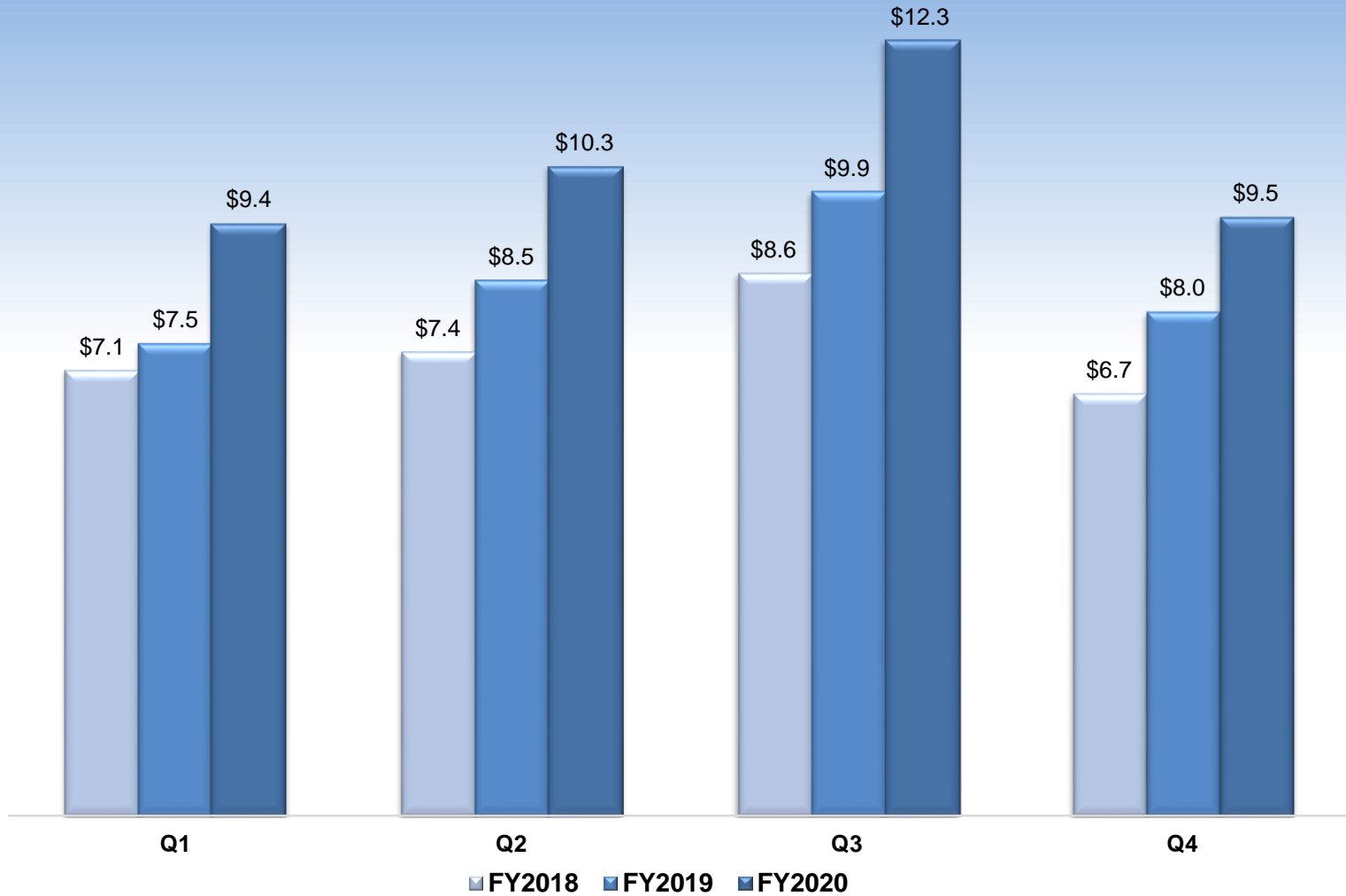
(in millions)

	FY20	% of Rev	FY19	% of Rev
Net sales	\$ 41.6	100%	\$ 34.0	100%
Revenue Growth	22.4%		14.5%	
Gross profit	30.9	74%	24.9	73%
SG&A	\$ 16.4	39%	11.8	35%
R&D	3.0	7%	2.5	7%
Total operating exp	19.3	46%	14.3	42%
Income from operations	11.6	28%	10.6	31%
Other income (expense)	(0.2)	(1)%	(0.1)	(0)%
Income before income taxes	11.4	27%	10.6	31%
Income taxes	2.1	5%	2.0	6%
Effective tax rate	18.0%		18.7%	
Net income	\$ 9.3	22%	\$ 8.6	25%
Diluted earnings per share (in dollars)	\$ 0.50		\$ 0.48	
EBITDA	\$ 14.4	35%	\$ 13.4	39%

Note:
Some numbers may not foot due to rounding.
FY20 SG&A includes \$1.4M of acquisition related costs.

Revenues: Fiscal Quarter

(in millions)



EBITDA: Fiscal Quarter

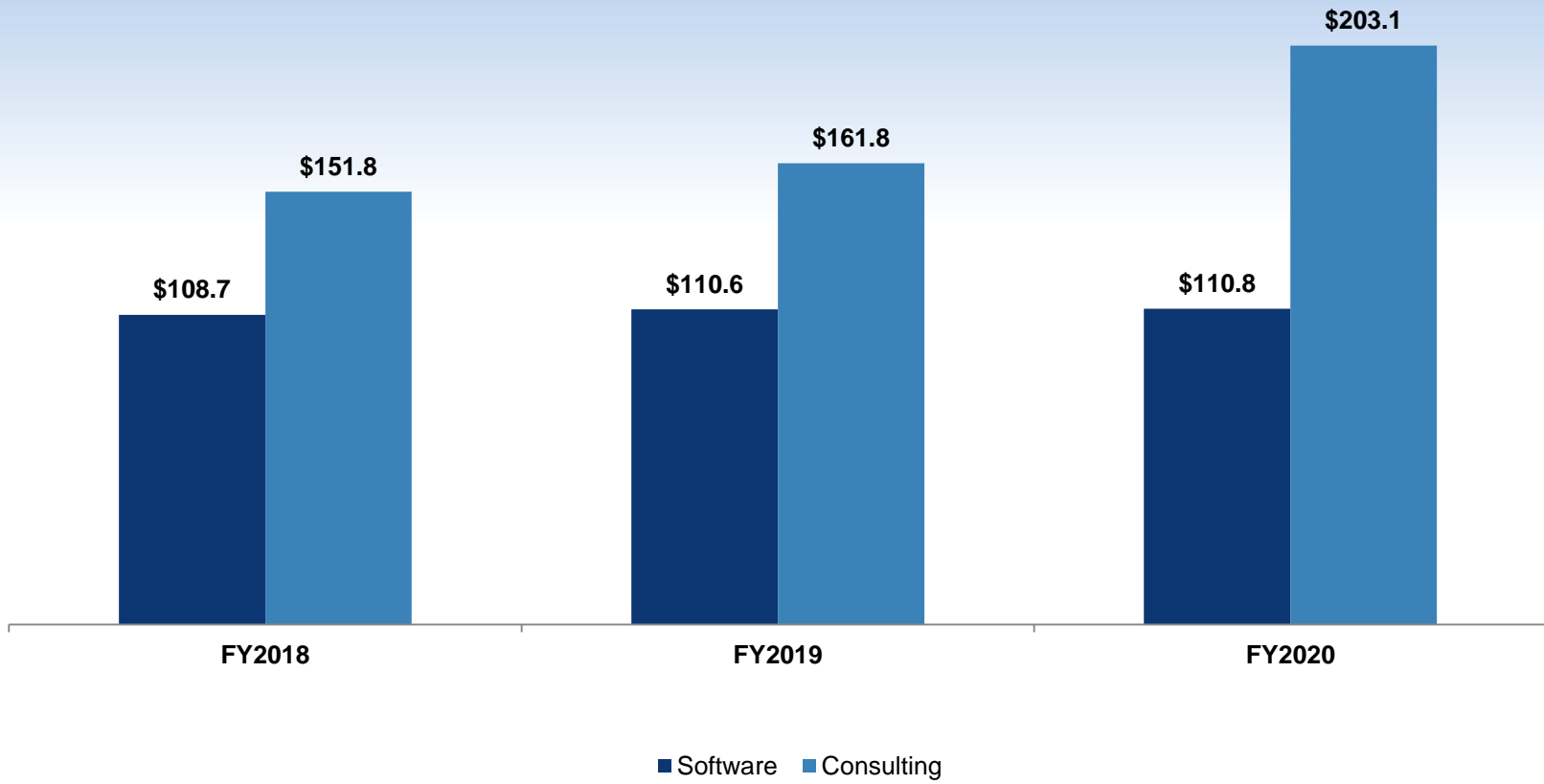
(in millions)



■ FY2018 ■ FY2019 ■ FY2020

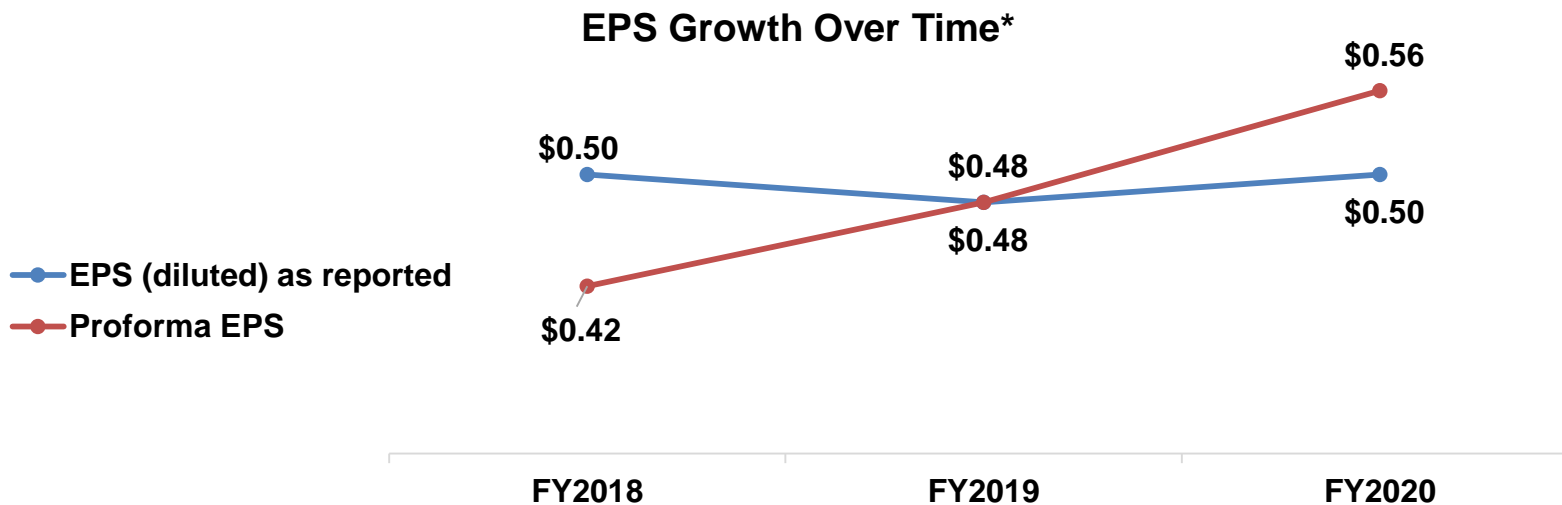
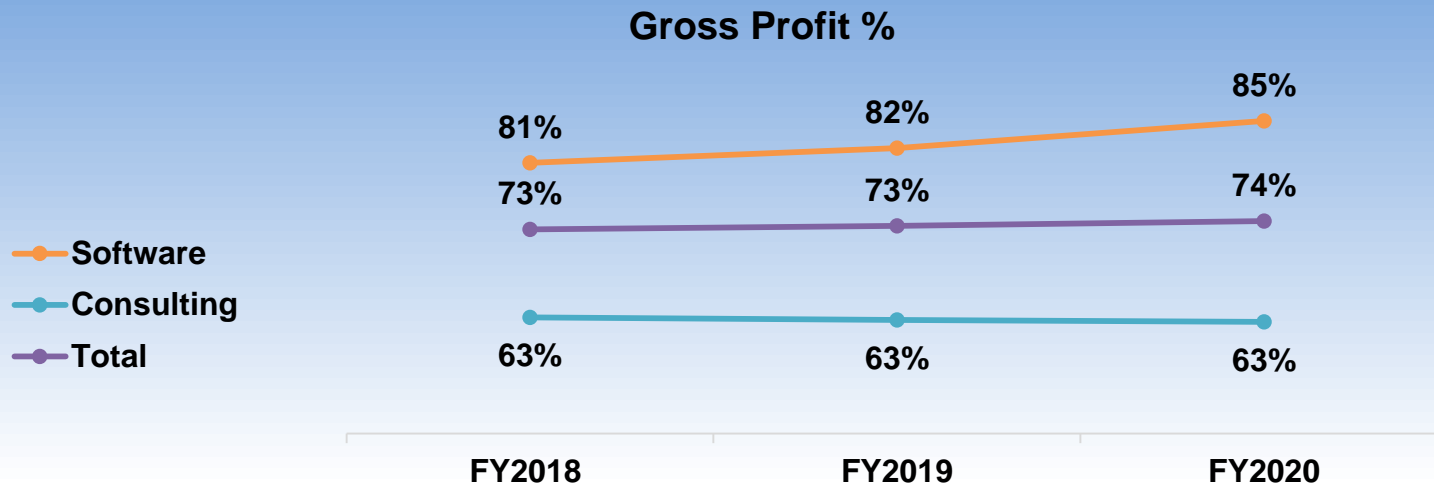
Average Revenue per Customer

(in 1,000's)



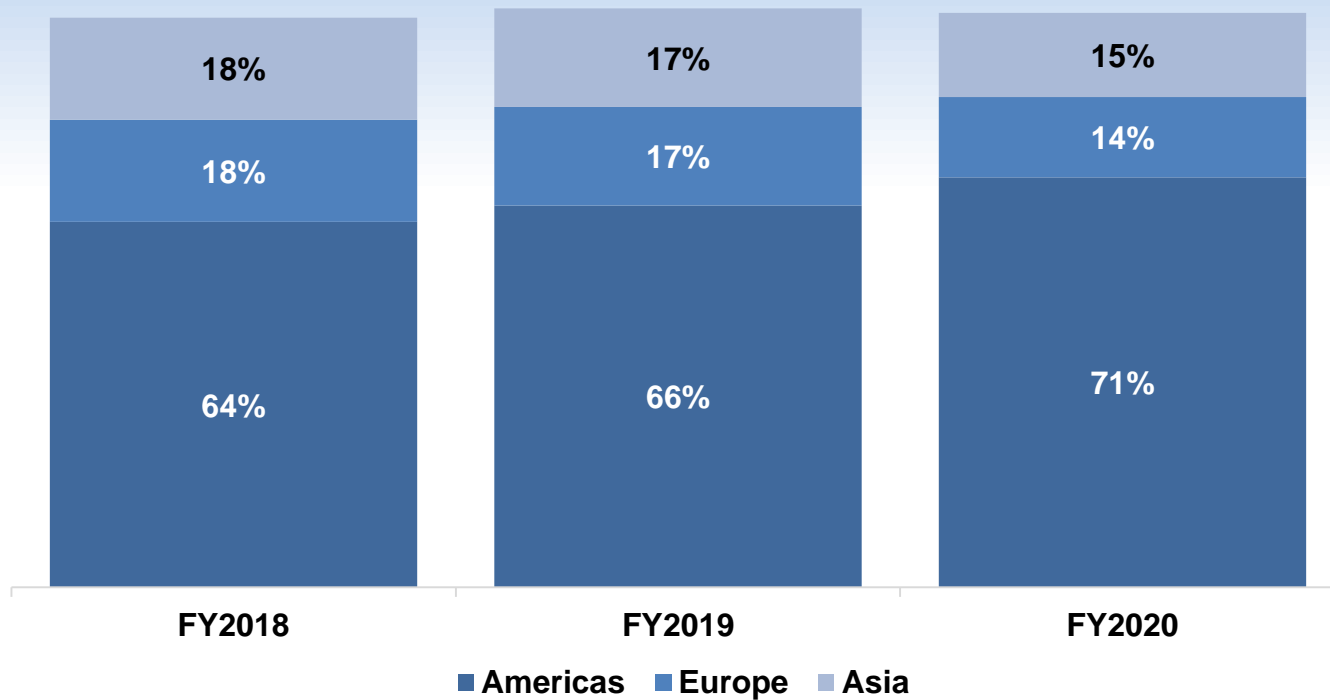
Note: Software revenue per customer excludes academic and non-profit customers

Margins Deliver Steady EPS Growth



* Pro forma non-GAAP numbers

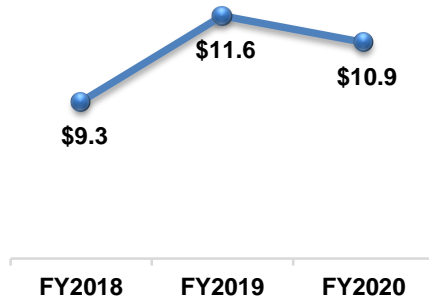
Revenue by Region – FY2020



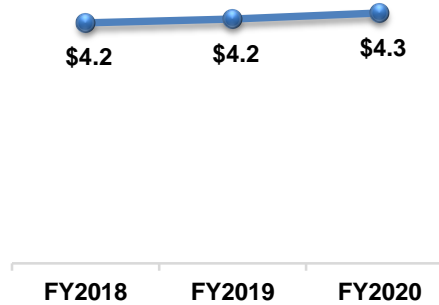
Cash Activity

(in millions)

Cash flow from operations



Dividends



Cash and Investments



Headcount

	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>
Software	29	32	39
Consulting	36	46	56
Sales and Marketing	6	7	8
Other	23	26	34
Total	94	111	137

Selected Balance Sheet Items

(in millions, except where indicated)

	August 31, 2020	August 31, 2019
Cash and short-term investments	\$ 116.0	\$ 11.4
Total current assets	129.1	21.2
Total assets	168.4	45.2
Current liabilities	5.5	4.8
Long-term liabilities	6.9	2.7
Total liabilities	12.4	7.5
Shareholders' equity	156.0	37.7
Total liabilities and shareholders' equity	168.4	45.2
Current ratio	23.5x	4.4x

Conclusion

Tremendous year for SLP!

- Focused efforts succeeded in moving the organic growth rate to 15-20% target
- We added to the SLP family with the acquisition of Lixoft, a significant addition to our software portfolio and an addition of talented scientific staff to our organization
- We positioned ourselves for future growth with the completion of our capital raise in August
- As a company, we remain focused on delivering good science, measurable value, and quality service to our clients
- I'd like to take the opportunity to thank all of our team of outstanding professionals here at SLP for their efforts and devotion to our success during a most unusual but rewarding year

Selected Financial Information

	Nasdaq	SLP
Cash and short-term investments		\$116 million
Borrowed Debt Outstanding		\$0.0
Market Capitalization (a/o 11/13/20)		\$ 1.4B
Fully Diluted Shares Outstanding FY2020		18.5M
Average Daily Trading Volume (current 30 day - a/o 11/13/20)		~204,000

Thank you!

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